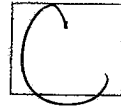


ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



W-02034A
Cienega Water Company, Inc.
PO Box 3518
Parker, AZ 85344

RECEIVED
MAY 13 2009
AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

ANNUAL REPORT

FOR YEAR ENDING

12	31	2007
----	----	------

FOR COMMISSION USE

ANN 04	07
--------	----

PROCESSED BY:

5-13-09

SCANNED

COMPANY INFORMATION

Company Name (Business Name) <u>Cienega Water Co, Inc.</u>			
Mailing Address <u>P O Box 3518</u>			
<u>Parker</u> (City)	<u>Az</u> (State)	<u>85344</u> (Zip)	
<u>928-667-2590</u> Telephone No. (Include Area Code)	<u>928-667-2590</u> Fax No. (Include Area Code)	<u>n/a</u> Pager/Cell No. (Include Area Code)	
Email Address <u>eliejack@npgcable.com</u>			
Local Office Mailing Address <u>Same</u>			
<u></u> (City)	<u></u> (State)	<u></u> (Zip)	
<u></u> Local Office Telephone No. (Include Area Code)	<u></u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)	
Email Address <u></u>			

MANAGEMENT INFORMATION

Management Contact: <u>Eleanor Stephan</u> <u>President</u>			
<u>31876 Cienega Springs Rd Parker Az 85344</u>			
<u></u> (Street)	<u></u> (City)	<u></u> (State)	<u></u> (Zip)
<u>928-667-2590</u> Telephone No. (Include Area Code)	<u>928-667-2590</u> Fax No. (Include Area Code)	<u>n/a</u> Pager/Cell No. (Include Area Code)	
Email Address <u>eliejack@npgcable.com</u>			
On Site Manager: <u>Same</u>			
<u></u> (Street)	<u></u> (City)	<u></u> (State)	<u></u> (Zip)
<u></u> Telephone No. (Include Area Code)	<u></u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)	
Email Address <u></u>			

☒ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: <u>Jack Haas</u>			
(Name)			
<u>7804</u>	<u>Riverside Dr.</u>	<u>Ariz</u>	<u>85344</u>
(Street)		(City)	(State)
<u>928-667-2590</u>			
Telephone No. (Include Area Code)		Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Attorney: <u>NONE on retainer</u>			
(Name)			
(Street)		(City)	(State)
Telephone No. (Include Area Code)		Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S) | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|--|-----------------------------------|-----------------------------------|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input checked="" type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME Cienega Water Co. Inc.

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs	10565	10565	0
311	Pumping Equipment			
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes STORAGE tanks	42793	13389	29404
331	Transmission and Distribution Mains	61812	15455	46357
333	Services	20637	5160	15477
334	Meters and Meter Installations	17880	15264	2616
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	3545	885	2660
340	Office Furniture and Equipment	1177	1177	0
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment	2408	2408	0
344	Laboratory Equipment			
345	Power Operated Equipment	1255	4862	7293
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	172972	69166	

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME

Cienega Water Co., Inc.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs			
311	Pumping Equipment			
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains			
333	Services			
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS			

Please Refer to
Attached page # 5-2

This amount goes on the Comparative Statement of Income and Expense _____
Acct. No. 406.

Depreciation spread for Cienega Water Co.

description	yr purc'd	orig cost	prev. deprec.	2000 deprec.	2001 deprec.	2002 deprec.	2003 purc.	2004 deprec.	2005 deprec.	2006	2007	total deprec.	balance left
valis & springs	pre 1999	✓ 10,565.00	10,565.00									10,565.00	0.00
distribution res. & standards	pre 1999	✓ 3,589.00	3,455.00	134.00								3,589.00	0.00
meters	pre 1999	✓ 17,880.00	1,913.00	1,950.92	0.00	1,900.00	1,900.00	1,900.00	1,900.00	1,900.00	1,900.00	15,263.92	2,616.08
office equipment	pre 1999	✓ 1,079.00	1,079.00									1,079.00	0.00
equipment & tools	2000	✓ 1,291.63	0.00	1,291.63								1,291.63	0.00
equipment & tools	2001	✓ 1,116.66	0.00	0.00	1,116.66							1,116.66	0.00
power operated equipment	2002	✓ 12,155.30	0.00	0.00	0.00	810.35	810.35	810.35	810.35	810.35	810.35	4,862.10	7,293.20
		powered equipment do at 15 s/l											
office equipment	2003	98.13	0.00	0.00	0.00	0.00	98.13					98.13	0.00
storage tanks	2003	✓ 39,204.00	0.00	0.00	0.00	0.00	1,960.00	1,960.00	1,960.00	1,960.00	1,960.00	9,800.00	29,404.00
trans & distribution mains	2003	✓ 61,811.70	0.00	0.00	0.00	0.00	3,091.00	3,091.00	3,091.00	3,091.00	3,091.00	15,455.00	46,356.70
services	2003	✓ 20,637.00	0.00	0.00	0.00	0.00	1,032.00	1,032.00	1,032.00	1,032.00	1,032.00	5,160.00	15,477.00
other plant & misc equip	2003	✓ 3,545.00	0.00	0.00	0.00	0.00	177.00	177.00	177.00	177.00	177.00	885.00	2,660.00
												0.00	0.00
totals		172,972.42	17,012.00	3,376.55	1,116.66	2,710.35	9,068.48	8,970.35	8,970.35	8,970.35	8,970.35	69,165.44	103,806.98
total of depreciation			17,012.00	20,388.55	21,505.21	24,215.56	33,284.04	42,254.39	51,224.74	60,195.09	69,165.44		

formulated 02-28-06
tricia walker consulting

195-2

COMPANY NAME

Crenshaw Water Co., Inc.

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$	\$
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$	\$
	FIXED ASSETS		
101	Utility Plant in Service	\$	\$
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant		
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$	\$
	TOTAL ASSETS	\$	\$

Please refer to
attached page # 687-2

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME

Cienega Water Co., Inc.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$	\$
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$	\$
	TOTAL LIABILITIES	\$	\$
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$	\$
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings		
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$	\$
	TOTAL LIABILITIES AND CAPITAL	\$	\$

P/PAEP
 collected pay
 referred
 6/17/27

6:29 AM
05/13/09
Accrual Basis

Cienega Water Co., Inc.
Balance Sheet
As of December 31, 2007

6.7
2

	Dec 31, 07	Dec 31, 06
ASSETS		
Current Assets		
Checking/Savings		
105 - Cash in Bank - Bank One	6,711.86	10,863.88
Total Checking/Savings	6,711.86	10,863.88
Total Current Assets	6,711.86	10,863.88
Fixed Assets		
185 - Utility Plant in Serv	14,154.00	14,154.00
190 - Orig. Meters 1995	17,879.78	17,879.78
191 - New-Rep'd Construction '02-'03		
191-A - Storage Tanks	39,204.00	39,204.00
191-B - Trans & Distrib. Mains	61,812.00	61,812.00
191-C - Update Service Loc.	20,637.00	20,637.00
191-D - Power Operated Equipment	12,155.00	12,155.00
191-E - Other Misc Plant	3,545.00	3,545.00
Total 191 - New-Rep'd Construction '02-...	137,353.00	137,353.00
192 - Small Equipment & Tools	2,408.29	2,408.29
193 - Office Equipment	1,176.67	1,176.67
195 - XX- Accum. Depreciation	-69,166.04	-60,195.69
Total Fixed Assets	103,805.70	112,776.05
Other Assets		
197 - Computers	2,239.74	2,239.74
Total Other Assets	2,239.74	2,239.74
TOTAL ASSETS	112,757.30	125,879.67
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
205 - Accts Payables	9,515.10	6,200.00
Total Accounts Payable	9,515.10	6,200.00
Total Current Liabilities	9,515.10	6,200.00
Long Term Liabilities		
240 - LongTerm Notes/Bonds	43,648.00	43,648.00
245 - LongTerm CSDC-Loans	12,000.00	12,000.00
250 - Work Loan from Merco	128,822.87	134,034.07
Total Long Term Liabilities	184,470.87	189,682.07
Total Liabilities	193,985.97	195,882.07
Equity		
325 - Capital Stock	5,700.00	5,700.00
350 - Retained Earnings	-75,702.40	-68,531.29
Net Income	-11,226.27	-7,171.11
Total Equity	-81,228.67	-70,002.40

Page 1

6:29 AM
05/13/09
Accrual Basis

Cienega Water Co., Inc.
Balance Sheet
As of December 31, 2007

6-72

	Dec 31, 07	Dec 31, 06
TOTAL LIABILITIES & EQUITY	<u>112,757.30</u>	<u>125,879.67</u>

COMPANY NAME

Cienega Water Co., Inc.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$	\$
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	\$	\$
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power		
618	Chemicals		
620	Repairs and Maintenance		
621	Office Supplies and Expense		
630	Outside Services		
635	Water Testing		
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense		
403	Depreciation Expense		
408	Taxes Other Than Income		
408.11	Property Taxes		
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$	\$
	OPERATING INCOME/(LOSS)	\$	\$
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$	\$
	NET INCOME/(LOSS)	\$	\$

Please refer to
attached page # 0-2

6:28 AM
05/13/09
Accrual Basis

Cienega Water Co., Inc.
Profit & Loss
January through December 2007

00-2

	Jan - Dec 07	Jan - Dec 06
Income		
410 · Metered Water Sales	31,204.25	30,027.23
490 · Miscellaneous Income	148.37	344.53
Total Income	31,352.62	30,371.76
Expense		
611 · Bank Charges	174.85	277.00
612 · Depreciation	8,970.35	8,970.15
615 · Dues & Subscriptions	347.00	195.00
617 · Education	1,411.28	0.00
618 · Equipment R & M	1,200.00	1,200.00
625 · Interest Pd	12,223.52	6,278.36
631 · Management Services	8,400.00	7,200.00
635 · Office Exp & Postage	168.00	270.90
640 · Prof. Fees (Legal/Acct)	1,362.50	1,206.50
645 · Supplies	2,130.50	3,132.52
647 · Water Testing	642.19	764.19
650 · Sales Taxes	1,558.78	1,158.33
675 · Repairs & Maintainance	1,319.59	3,200.00
685 · Utilities	1,484.79	1,571.04
690 · Income Taxes	50.00	0.00
695 · Miscellaneous	0.00	897.90
698 · Property Taxes	1,135.54	1,220.98
Total Expense	42,578.89	37,542.87
Net Income	-11,226.27	-7,171.11

COMPANY NAME

Cienega Water Co., Inc.

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	07-01-02			
Source of Loan	Private			
ACC Decision No.	63751#			
Reason for Loan	add Reconstruction & replacement			
Dollar Amount Issued	\$ 146,533	\$	\$	\$
Amount Outstanding	\$ 128,823	\$	\$	\$
Date of Maturity	06-30-24			
Interest Rate	7% %	%	%	%
Current Year Interest	\$ 12,224	\$	\$	\$
Current Year Principle	\$ 5211	\$	\$	\$

Meter Deposit Balance at Test Year End

\$

Meter Deposits Refunded During the Test Year

\$

COMPANY NAME	Cienega Water Co., Inc.
Name of System	ADEQ Public Water System Number (if applicable)

WATER COMPANY PLANT DESCRIPTION

WELLS

@ not in use at this time

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
620744	1	6-7	98	8	1 1/2 [ⓐ]	1945
617676	1	6-7	96	6	2	1959
617677	1	6-7	95	10	1 1/2	1960

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
NONE		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
n/a		NONE	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
5,000	4	n/a	

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Cienega Water Co., Inc.
Name of System	ADEQ Public Water System Number (if applicable)

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS		
Size (in inches)	Material	Length (in feet)
2	transite	1370
3	↙	3190
4	↘	1120
5		
6		
8		
10		
12		

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 X 3/4	68
3/4	
1	
1 1/2	
2	1
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

n/a

STRUCTURES:

Storage tanks

OTHER:

meters - wells & springs - office Furniture & Fixtures

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME:	Cienega Water Co., Inc
Name of System	ADEQ Public Water System Number (if applicable)

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2006

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY				
FEBRUARY				
MARCH				
APRIL				
MAY				
JUNE				
JULY				
AUGUST				
SEPTEMBER				
OCTOBER				
NOVEMBER				
DECEMBER				
TOTALS →				

PLEASE refer to
attached page # 12-1-12

What is the level of arsenic for each well on your system? 0.05 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? 12 GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
() Yes ☒ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
() Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
() Yes ☒ No

If yes, provide the GPCPD amount:

Note: If you are filing for more than one system, please provide separate data sheets for each system.

**VERIFICATION
AND
SWORN STATEMENT**
Taxes

RECEIVED
MAY 15 2009
AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

VERIFICATION

STATE OF _____
I, THE UNDERSIGNED
OF THE _____

COUNTY OF (COUNTY NAME) <u>La Paz</u>
NAME (OWNER OR OFFICIAL) TITLE <u>Eleanor Stephan, President</u>
COMPANY NAME <u>Clenega Water Co. Inc</u>

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

Eleanor Stephan 5/15/09
SIGNATURE OF OWNER OR OFFICIAL
928-667-2590
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS DAY OF

(SEAL)

COUNTY NAME	
MONTH	20__

SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES _____

COMPANY NAME _____

YEAR ENDING 12/31/2007

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported _____
Estimated or Actual Federal Tax Liability _____

State Taxable Income Reported _____
Estimated or Actual State Tax Liability _____

Amount of Grossed-Up Contributions/Advances: _____

Amount of Contributions/Advances _____
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Please refer to
Attached page # 15-2#10

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Tricia Walker
SIGNATURE

4-15-08
DATE

TRICIA WALKER
PRINTED NAME

Corporate Accountant
TITLE

**VERIFICATION
AND
SWORN STATEMENT**
Intrastate Revenues Only

RECEIVED

JUL 22 2009

VERIFICATION

STATE OF _____
I, THE UNDERSIGNED
OF THE _____

COUNTY OF (COUNTY NAME) YAPAZ	AZ CORPORATION COMMISSION DIRECTOR OF UTILITIES
NAME (OWNER OR OFFICIAL) TITLE Eleanor Stephan - President	
COMPANY NAME Cienega Water Co. Inc	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

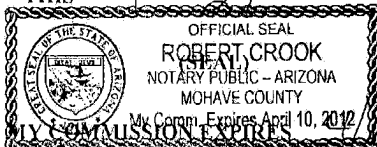
IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2007 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 31,596.65

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ _____
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SUBSCRIBED AND SWORN TO BEFORE ME**A NOTARY PUBLIC IN AND FOR THE COUNTY OF****THIS** 21ST **DAY OF**

COUNTY NAME MOHAVE	
MONTH July	YEAR 2009

Eleanor Stephan
SIGNATURE OF OWNER OR OFFICIAL
928-667-2590
TELEPHONE NUMBER

[Signature]
SIGNATURE OF NOTARY PUBLIC

Fax to Rene @ 602-542-2129

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only

RECEIVED

MAY 13 2009

AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	LAPAZ		
NAME (OWNER OR OFFICIAL)	Eleanor Stephan	TITLE	President
COMPANY NAME	Cienega Water Co., Inc.		

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2007 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 31,352.62

THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 1,558.78
IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

Eleanor Stephan
SIGNATURE OF OWNER OR OFFICIAL

928-667-2590
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

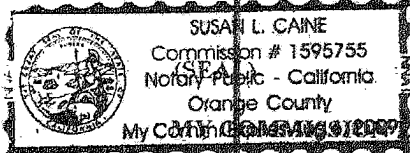
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

17

DAY OF

NOTARY PUBLIC NAME	SUSAN L. CAINE	
COUNTY NAME	ORANGE	
MONTH	Apr May	2008



X *Susan L. Caine*
SIGNATURE OF NOTARY PUBLIC

Form 1120

Department of the Treasury
Internal Revenue Service

U.S. Corporation Income Tax Return

For calendar year 2007 or tax year beginning _____, 2007, ending _____

OMB No. 1545-0123

2007

▶ See separate instructions.

A Check if:

1 a Consolidated return (attach Form 851) ☐b Life/nonlife consolidated return ☐2 Personal holding co (attach Sch PH) ☐3 Personal service corp (see instr) ☐4 Schedule M-3 attached ☐

Use IRS label. Otherwise, print or type.

Name

Cienega Water Co., Inc.

Number, street, and room or suite number. If a P.O. box, see instructions.

P O Box 3518

City or town

Parker

state ZIP code

AZ 85344

B Employer identification number

86-0203803

C Date incorporated

07/01/1965

D Total assets (see instructions)

\$ 112,757.

E Check if: (1) Initial return (2) Final return (3) Name change (4) Address change

		1c	31,352.
INCOME	1 a Gross receipts or sales	31,352.	b Less returns & allowances
	2 Cost of goods sold (Schedule A, line 8)		
	3 Gross profit. Subtract line 2 from line 1c		31,352.
	4 Dividends (Schedule C, line 19)		
	5 Interest		
	6 Gross rents		
	7 Gross royalties		
	8 Capital gain net income (attach Schedule D (Form 1120))		
	9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)		
	10 Other income (see instructions — attach schedule)		
	11 Total income. Add lines 3 through 10		31,352.
DEDUCTIONS SEE INSTRUCTIONS	12 Compensation of officers (Schedule E, line 4)		
	13 Salaries and wages (less employment credits)		
	14 Repairs and maintenance		1,320.
	15 Bad debts		
	16 Rents		
	17 Taxes and licenses		2,745.
	18 Interest		12,223.
	19 Charitable contributions		
	20 Depreciation from Form 4562 not claimed on Schedule A or elsewhere on return (attach Form 4562)		
	21 Depletion		
	22 Advertising		
	23 Pension, profit-sharing, etc, plans		
	24 Employee benefit programs		
	25 Domestic production activities deduction (attach Form 8903)		
	26 Other deductions (attach schedule). See Other Deductions Statement		17,320.
	27 Total deductions. Add lines 12 through 26		42,578.
	28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11		-11,226.
TAX AND PAYMENTS	29 Less: a Net operating loss deduction (see instructions)	29a	
	b Special deductions (Schedule C, line 20)	29b	
	30 Taxable income. Subtract line 29c from line 28 (see instructions)	30	-11,226.
	31 Total tax (Schedule J, line 10)	31	
	32a 2006 overpayment credited to 2007	32a	
	b 2007 estimated tax payments	32b	
	c 2007 refund applied for on Form 4466	32c	
	d Tax deposited with Form 7004	32d	
	e Credits: (1) Form 2439 (2) Form 4136	32e	
	f Credits: (1) Form 2439 (2) Form 4136	32f	
33 Estimated tax penalty (see instructions). Check if Form 2220 is attached	33		
34 Amount owed. If line 32g is smaller than the total of lines 31 and 33, enter amount owed	34		
35 Overpayment. If line 32g is larger than the total of lines 31 and 33, enter amount overpaid	35		
36 Enter amount from line 35 you want: Credited to 2008 estimated tax	36		

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer

Date

Title

May the IRS discuss this return with the preparer shown below (see instructions)?

☐ Yes ☒ No

Paid Preparer's Use Only

Preparer's signature

tricia walker

Date

05/13/09

Check if self-employed ☒

Preparer's SSN or PTIN

551-68-6798

Firm's name (or yours if self-employed), address, and ZIP code

tricia walker consulting

10923 Captain Lane

Parker

AZ 85344

EIN 86-0714123

Phone no. (928) 667-3517

BAA For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

CPCA0212 12/27/07

Form 1120 (2007)

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	

9a Check all methods used for valuing closing inventory:

- (i) ☐ Cost
 (ii) ☐ Lower of cost or market
 (iii) ☐ Other (Specify method used and attach explanation.)

b Check if there was a writedown of subnormal goods

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO

9d

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? ☐ Yes ☐ No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation

☐ Yes ☐ No**Schedule C Dividends and Special Deductions** (see instructions)

	(a) Dividends received	(b) Percentage	(c) Special deductions (a) x (b)
1 Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)		70	
2 Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		80	
3 Dividends on debt-financed stock of domestic and foreign corporations			
4 Dividends on certain preferred stock of less-than-20%-owned public utilities		42	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	
6 Dividends from less-than-20%-owned foreign corporations and certain FSCs		70	
7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs		80	
8 Dividends from wholly owned foreign subsidiaries		100	
9 Total. Add lines 1 through 8. See instructions for limitation			
10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11 Dividends from affiliated group members		100	
12 Dividends from certain FSCs		100	
13 Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12			
14 Income from controlled foreign corporations under subpart F (attach Form(s) 5471)			
15 Foreign dividend gross-up			
16 IC-DISC and former DISC dividends not included on lines 1, 2, or 3			
17 Other dividends			
18 Deduction for dividends paid on certain preferred stock of public utilities			
19 Total dividends. Add lines 1 through 17. Enter here and on page 1, line 4			
20 Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b			

Schedule E Compensation of Officers (see instructions for page 1, line 12)

Note: Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1) are \$500,000 or more.

1	(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
				(d) Common	(e) Preferred	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
2	Total compensation of officers					
3	Compensation of officers claimed on Schedule A and elsewhere on return					
4	Subtract line 3 from line 2. Enter the result here and on page 1, line 12					

Form 1120 (2007)

Schedule J Tax Computation (see instructions)

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120))	<input type="checkbox"/>	
2	Income tax. Check if a qualified personal service corporation (see instructions)	<input type="checkbox"/>	2
3	Alternative minimum tax (attach Form 4626)		3
4	Add lines 2 and 3		4
5a	Foreign tax credit (attach Form 1118)	5a	
b	Credits from Forms 5735 and 8834	5b	
c	General business credit. Check applicable box(es): <input type="checkbox"/> Form 3800 <input type="checkbox"/> Form 5884 <input type="checkbox"/> Form 6478 <input type="checkbox"/> Form 8835, Section B <input type="checkbox"/> Form 8844 <input type="checkbox"/> Form 8846	5c	
d	Credit for prior year minimum tax (attach Form 8827)	5d	
e	Bond credits from: <input type="checkbox"/> Form 8860 <input type="checkbox"/> Form 8912	5e	
6	Total credits. Add lines 5a through 5e		6
7	Subtract line 6 from line 4		7
8	Personal holding company tax (attach Schedule PH (Form 1120))		8
9	Other taxes. <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 Check if from: <input type="checkbox"/> Form 8866 <input type="checkbox"/> Form 8902 <input type="checkbox"/> Other (att schedule)		9
10	Total tax. Add lines 7 through 9. Enter here and on page 1, line 31		10

Schedule K Other Information (see instructions)

	Yes	No		Yes	No
1 Check accounting method: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) _____					
2 See the instructions and enter the: a Business activity code no. <u>221300</u> b Business activity <u>water service</u> c Product or service <u>water</u>					
3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If 'Yes,' attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deduction of such corporation for the tax year ending with or within your tax year.		X	7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of stock of the corporation entitled to vote or (b) the total value of all classes of stock of the corporation? If 'Yes,' enter: (a) Percentage owned _____ and (b) Owner's country _____		X
4 Is the corporation a subsidiary in an affiliated group or a parent-subsidary controlled group? If 'Yes,' enter name and EIN of the parent corporation _____		X	c The corporation may have to file Form 5472 , Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached _____		
5 At the end of the tax year, did any individual, partnership, corporation, estate or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) If 'Yes,' attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter % owned <u>100.00</u> See Ques 5 Stmt		X	8 Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> If checked, the corporation may have to file Form 8281 , Information Return for Publicly Offered Original Issue Discount Instruments.		
6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) If 'Yes,' file Form 5452 , Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on Form 851 , Affiliations Schedule, for each subsidiary.		X	9 Enter the amount of tax-exempt interest received or accrued during the tax year <u>\$</u> _____		
			10 Enter the number of shareholders at the end of the tax year (if 100 or fewer) _____		
			11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here <input type="checkbox"/> If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.		
			12 Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) <u>\$ 55,769</u>		
			13 Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000? If 'Yes,' the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. <u>\$ 0</u>	X	

BAA

Form 1120 (2007)

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		10,761.		6,712.
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts				
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach schedule)				
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach schedule)				
10a	Buildings and other depreciable assets	175,211.		175,211.	
b	Less accumulated depreciation	60,196.	115,015.	69,166.	106,045.
11a	Depletable assets				
b	Less accumulated depletion				
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
14	Other assets (attach schedule)				
15	Total assets		125,776.		112,757.
Liabilities and Shareholders' Equity					
16	Accounts payable		3,200.		9,515.
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (attach sch)				
19	Loans from shareholders		43,648.		43,648.
20	Mortgages, notes, bonds payable in 1 year or more		146,034.		137,926.
21	Other liabilities (attach schedule)				
22	Capital stock: a Preferred stock	5,700.		5,700.	
	b Common stock		5,700.		5,700.
23	Additional paid-in capital				
24	Retained earnings — Approp (att sch)				
25	Retained earnings — Unappropriated		-72,806.		-84,032.
26	Adjmnt to shareholders' equity (att sch)				
27	Less cost of treasury stock				
28	Total liabilities and shareholders' equity		125,776.		112,757.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more — see instructions

1	Net income (loss) per books	-11,226.	7	Income recorded on books this year not included on this return (itemize):	
2	Federal income tax per books	0.		Tax-exempt interest \$	
3	Excess of capital losses over capital gains				
4	Income subject to tax not recorded on books this year (itemize):				
5	Expenses recorded on books this year not deducted on this return (itemize):		8	Deductions on this return not charged against book income this year (itemize):	
a	Depreciation	\$	a	Depreciation	\$
b	Charitable contributions	\$	b	Charitable contributions	\$
c	Travel & entertainment	\$			
					0.
			9	Add lines 7 and 8	0.
6	Add lines 1 through 5	-11,226.	10	Income (page 1, line 28) — line 6 less line 9	-11,226.

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1	Balance at beginning of year	-72,806.	5	Distributions	a Cash
2	Net income (loss) per books	-11,226.		b Stock	c Property
3	Other increases (itemize):		6	Other decreases (itemize):	
			7	Add lines 5 and 6	
4	Add lines 1, 2, and 3	-84,032.	8	Balance at end of year (line 4 less line 7)	-84,032.